

**Introduced by Senator Wolk**  
(Principal coauthor: Assembly Member Dodd)  
**(Coauthor: Senator McGuire)**  
(Coauthor: Assembly Member Levine)

February 25, 2015

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An act to amend Section 25503.6 of, and to add Section 25503.34 to, the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

SB 462, as introduced, Wolk. Alcoholic beverages: tied house restrictions: Sonoma County.

The Alcoholic Beverage Control Act generally prohibits a manufacturer, winegrower, distiller, bottler, or wholesaler, among other licensees, or agents of these licensees, from paying a retailer for advertising. The act creates a variety of exceptions from this prohibition, including permitting specified licensees to purchase advertising space and time from, or on behalf of, an on-sale retail licensee that is an owner, manager, or major tenant of certain stadiums, parks, entertainment complexes, and arenas, subject to specified conditions. Existing law requires the purchase of advertising space or time in this context to be conducted pursuant to a written contract with the on-sale licensee, with a specified exception. Existing law defines a beer manufacturer for these specific purposes as including any holder of an out-of-state beer manufacturer's certificate or any holder of a beer and wine importer's general license.

This bill would expand the exceptions described above to allow beer manufacturers, winegrowers, distilled spirits rectifiers, distilled spirits manufacturers, or distilled spirits manufacturer's agents to purchase advertising space and time from, or on behalf of, on-sale retail licensees,

as described above, at a specified complex located in Sonoma County. The bill would permit the contract for purchasing space or time in this context to also be with an owner, long-term tenant of the venue, or licensee of the venue. The bill would include within the definition of beer manufacturer, for these purposes, a holder of a beer and wine wholesaler's license.

Existing law permits specified alcoholic beverage licensees to donate money and sponsor events at certain sites and facilities.

This bill would permit a holder of a winegrower's license, a beer manufacturer, as defined, a distilled spirits rectifier, a distilled spirits manufacturer, or distilled spirits manufacturer's agent to donate wine, beer, or spirits, and make monetary contributions to a specified complex located in Sonoma County, if certain conditions are met.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 25503.6 of the Business and Professions
- 2 Code is amended to read:
- 3 25503.6. (a) Notwithstanding any other provision of this
- 4 chapter, a beer manufacturer, the holder of a winegrower's license,
- 5 a distilled spirits rectifier, a distilled spirits manufacturer, or
- 6 distilled spirits manufacturer's agent may purchase advertising
- 7 space and time from, or on behalf of, an on-sale retail licensee
- 8 subject to all of the following conditions:
- 9 (1) The on-sale licensee is the owner, manager, agent of the
- 10 owner, assignee of the owner's advertising rights, or the major
- 11 tenant of the owner of any of the following:
- 12 (A) An outdoor stadium or a fully enclosed arena with a fixed
- 13 seating capacity in excess of 10,000 seats located in Sacramento
- 14 County or Alameda County.
- 15 (B) A fully enclosed arena with a fixed seating capacity in
- 16 excess of 18,000 seats located in Orange County or Los Angeles
- 17 County.
- 18 (C) An outdoor stadium or fully enclosed arena with a fixed
- 19 seating capacity in excess of 8,500 seats located in Kern County.
- 20 (D) An exposition park of not less than 50 acres that includes
- 21 an outdoor stadium with a fixed seating capacity in excess of 8,000

1 seats and a fully enclosed arena with an attendance capacity in  
2 excess of 4,500 people, located in San Bernardino County.

3 (E) An outdoor stadium with a fixed seating capacity in excess  
4 of 10,000 seats located in Yolo County.

5 (F) An outdoor stadium and a fully enclosed arena with fixed  
6 seating capacities in excess of 10,000 seats located in Fresno  
7 County.

8 (G) An athletic and entertainment complex of not less than 50  
9 acres that includes within its boundaries an outdoor stadium with  
10 a fixed seating capacity of at least 8,000 seats and a second outdoor  
11 stadium with a fixed seating capacity of at least 3,500 seats located  
12 within Riverside County.

13 (H) An outdoor stadium with a fixed seating capacity in excess  
14 of 1,500 seats located in Tulare County.

15 (I) A motorsports entertainment complex of not less than 50  
16 acres that includes within its boundaries an outdoor speedway with  
17 a fixed seating capacity of at least 50,000 seats, located within San  
18 Bernardino County.

19 (J) An exposition park, owned or operated by a bona fide  
20 nonprofit organization, of not less than 400 acres with facilities  
21 including a grandstand with a seating capacity of at least 8,000  
22 people, at least one exhibition hall greater than 100,000 square  
23 feet, and at least four exhibition halls, each greater than 30,000  
24 square feet, located in the City of Pomona or the City of La Verne  
25 in Los Angeles County.

26 (K) An outdoor soccer stadium with a fixed seating capacity of  
27 at least 25,000 seats, an outdoor tennis stadium with a fixed  
28 capacity of at least 7,000 seats, an outdoor track and field facility  
29 with a fixed seating capacity of at least 7,000 seats, and an indoor  
30 velodrome with a fixed seating capacity of at least 2,000 seats, all  
31 located within a sports and athletic complex built before January  
32 1, 2005, within the City of Carson in Los Angeles County.

33 (L) An outdoor professional sports facility with a fixed seating  
34 capacity of at least 4,200 seats located within San Joaquin County.

35 (M) A fully enclosed arena with a fixed seating capacity in  
36 excess of 13,000 seats in the City of Inglewood.

37 (N) (i) An outdoor stadium with a fixed seating capacity of at  
38 least 68,000 seats located in the City of Santa Clara.

39 (ii) A beer manufacturer, the holder of a winegrower's license,  
40 a distilled spirits rectifier, a distilled spirits manufacturer, or

1 distilled spirits manufacturer's agent may purchase advertising  
2 space and time from, or on behalf of, a major tenant of an outdoor  
3 stadium described in clause (i), provided the major tenant does not  
4 hold a retail license, and the advertising may include the placement  
5 of advertising in an on-sale licensed premises operated at the  
6 outdoor stadium.

7 *(O) A complex of not more than 50 acres located in Sonoma*  
8 *County dedicated to presenting live artistic, musical, sports, food,*  
9 *beverage, culinary, lifestyle, or other cultural and entertainment*  
10 *events and performances that includes a concert hall with a seating*  
11 *capacity of approximately 1,500 seats, a second concert hall with*  
12 *a seating capacity of up to 300 seats, an outdoor area with a*  
13 *seating capacity of up to 5,000 seats, and a planned further outdoor*  
14 *facility with a seating capacity of up to 10,000 seats. With respect*  
15 *to this venue, advertising space and time may also be purchased*  
16 *from or on behalf of the owner of the complex, a long-term tenant*  
17 *or licensee of the venue, whether or not the owner, long-term*  
18 *tenant, or licensee holds an on-sale license.*

19 (2) The outdoor stadium or fully enclosed arena described in  
20 paragraph (1) is not owned by a community college district.

21 (3) The advertising space or time is purchased only in connection  
22 with the events to be held on the premises of the exposition park,  
23 stadium, or arena owned by the on-sale licensee. With respect to  
24 an exposition park as described in subparagraph (J) of paragraph  
25 (1) that includes at least one hotel, the advertising space or time  
26 shall not be displayed on or in any hotel located in the exposition  
27 park, or purchased in connection with the operation of any hotel  
28 located in the exposition park.

29 (4) The on-sale licensee serves other brands of beer distributed  
30 by a competing beer wholesaler in addition to the brand  
31 manufactured or marketed by the beer manufacturer, other brands  
32 of wine distributed by a competing wine wholesaler in addition to  
33 the brand produced by the winegrower, and other brands of distilled  
34 spirits distributed by a competing distilled spirits wholesaler in  
35 addition to the brand manufactured or marketed by the distilled  
36 spirits rectifier, the distilled spirits manufacturer or the distilled  
37 spirits manufacturer's agent that purchased the advertising space  
38 or time.

39 (b) Any purchase of advertising space or time pursuant to  
40 subdivision (a) shall be conducted pursuant to a written contract

1 entered into by the beer manufacturer, the holder of the  
2 winegrower's license, the distilled spirits rectifier, the distilled  
3 spirits manufacturer, or the distilled spirits manufacturer's agent  
4 and ~~the~~ *any of the following*:

5 (1) ~~The on-sale licensee, or with licensee.~~

6 (2) *With respect to clause (ii) of subparagraph (N) of paragraph*  
7 *(1) of subdivision (a), the major tenant of the outdoor stadium.*

8 (3) *With respect to subparagraph (O) of paragraph (1) of*  
9 *subdivision (a), the owner, a long-term tenant of the venue, or*  
10 *licensee of the venue, whether or not the owner, long-term tenant,*  
11 *or licensee holds an on-sale license.*

12 (c) Any beer manufacturer or holder of a winegrower's license,  
13 any distilled spirits rectifier, any distilled spirits manufacturer, or  
14 any distilled spirits manufacturer's agent who, through coercion  
15 or other illegal means, induces, directly or indirectly, a holder of  
16 a wholesaler's license to fulfill all or part of those contractual  
17 obligations entered into pursuant to subdivision (a) or (b) shall be  
18 guilty of a misdemeanor and shall be punished by imprisonment  
19 in the county jail not exceeding six months, or by a fine in an  
20 amount equal to the entire value of the advertising space, time, or  
21 costs involved in the contract, whichever is greater, plus ten  
22 thousand dollars (\$10,000), or by both imprisonment and fine. The  
23 person shall also be subject to license revocation pursuant to  
24 Section 24200.

25 (d) Any on-sale retail licensee, as described in subdivision (a),  
26 who, directly or indirectly, solicits or coerces a holder of a  
27 wholesaler's license to solicit a beer manufacturer, a holder of a  
28 winegrower's license, a distilled spirits rectifier, a distilled spirits  
29 manufacturer, or a distilled spirits manufacturer's agent to purchase  
30 advertising space or time pursuant to subdivision (a) or (b) shall  
31 be guilty of a misdemeanor and shall be punished by imprisonment  
32 in the county jail not exceeding six months, or by a fine in an  
33 amount equal to the entire value of the advertising space or time  
34 involved in the contract, whichever is greater, plus ten thousand  
35 dollars (\$10,000), or by both imprisonment and fine. The person  
36 shall also be subject to license revocation pursuant to Section  
37 24200.

38 (e) For the purposes of this section, "beer manufacturer" includes  
39 any holder of a beer manufacturer's license, any holder of an  
40 out-of-state beer manufacturer's certificate, *any holder of a beer*

1 *and wine wholesaler's license*, or any holder of a beer and wine  
2 importer's general license.

3 SEC. 2. Section 25503.34 is added to the Business and  
4 Professions Code, to read:

5 25503.34. (a) A holder of a winegrower's license, a beer  
6 manufacturer as defined in subdivision (d), a distilled spirits  
7 rectifier, a distilled spirits manufacturer, or distilled spirits  
8 manufacturer's agent may donate wine, beer, or spirits, and make  
9 monetary contributions to a complex dedicated to the presentation  
10 of live artistic, musical, sports, food, beverage, culinary, lifestyle,  
11 or other cultural entertainment events or performances, if all of  
12 the following conditions are met:

13 (1) The permanent retail on-sale licensee in the complex is a  
14 nonprofit charitable corporation or association exempt from  
15 payment of income taxes under the provisions of the Internal  
16 Revenue Code and Chapter 4 (commencing with Section 23701)  
17 of Part 11 of Division 2 of the Revenue and Taxation Code.

18 (2) The complex is of not more than 50 acres located in Sonoma  
19 County dedicated to presenting live artistic, musical, sports, food,  
20 beverage, culinary, lifestyle, or other cultural and entertainment  
21 events and performances that includes a concert hall with a seating  
22 capacity of approximately 1,500 seats, a second concert hall with  
23 a seating capacity of up to 300 seats, an outdoor area with a seating  
24 capacity of up to 5,000 seats, and a planned further outdoor facility  
25 with a seating capacity of up to 10,000 seats.

26 (3) The complex has a permanent retail on-sale license that is  
27 a long-term tenant of the complex.

28 (4) The donation or monetary contribution shall not be  
29 conditioned directly or indirectly, in any way, on the purchase,  
30 sale, or distribution of any alcoholic beverage manufactured or  
31 distributed by the holder of a winegrower's license, the beer  
32 manufacturer, the distilled spirits rectifier, the distilled spirits  
33 manufacturer, or the distilled spirits manufacturer's agent by the  
34 licensee of the complex.

35 (5) Except as provided in paragraph (6), donated wine, beer, or  
36 spirits shall not be used or sold by the permanent retail licensee  
37 and a monetary contribution shall not be used in, or for the benefit  
38 of, the permanent retail on-sale licensee.

39 (6) Donated wine, beer, or spirits may only be used or sold in  
40 connection with fundraising activities held on or off the permanent

1 licensed premises. Fundraising activities held in any area included  
2 in the licensed premises during which donated wine, beer, or spirits  
3 is used or sold shall not take place at the complex while the  
4 permanent retail licensee is exercising its license privileges and  
5 shall only be conducted pursuant to a temporary license issued by  
6 the department, provided however, that the permanent licensee  
7 shall surrender its license during the fundraising only for those  
8 areas of the complex where the fundraising activities are being  
9 presented and may continue to operate under its permanent license  
10 in other areas covered by the license where the fundraising is not  
11 taking place.

12 (b) The complex may acknowledge and thank a donating  
13 winegrower, beer manufacturer as defined in subdivision (d),  
14 distilled spirits rectifier, distilled spirits manufacturer, or distilled  
15 spirits manufacturer's agent in the complex's event programs, on  
16 the complex's Internet Web site, and on stage at the permanent  
17 licensed premises during an event or performance.

18 (c) The Legislature finds that it is necessary and proper to  
19 require a separation between manufacturing interests, wholesale  
20 interests, and retail interests in the production and distribution of  
21 alcoholic beverages in order to prevent suppliers from dominating  
22 local markets through vertical integration and to prevent excessive  
23 sales of alcoholic beverages produced by overly aggressive  
24 marketing techniques. The Legislature further finds that the  
25 exceptions established by this section to the general prohibition  
26 against tied interests shall be limited to their express terms so as  
27 not to undermine the general prohibition, and intends that this  
28 section be construed accordingly.

29 (d) For the purposes of this section, "beer manufacturer"  
30 includes any holder of a beer manufacturer's license, any holder  
31 of an out-of-state beer manufacturer's certificate, any holder of a  
32 beer and wine wholesaler's license, or any holder of a beer and  
33 wine importer's general license.